

RECORDATION NO. 11229 Filed 1425

DEC 21 1979 - 11 35 AM

INTERSTATE COMMERCE COMMISSION

NAPORANO IRON AND METAL COMPANY
Foot of Hawkins Street
Newark, N.J. 07105

9-355AG31

DEC 21 1979

Date.....
Fee \$ 50.00

ICC Washington

Secretary
Interstate Commerce Commission
Washington, D. C. 20423

Dear Sirs:

Enclosed for recording please find the original and two copies of a duly executed and acknowledged lease agreement between Naporano Iron and Metal Company (as Lessor) and Hillsdale County Railway Co., Inc. (as Lessee), wherein and whereby Naporano has agreed to lease certain XM boxcars to the Lessee. Naporano Iron and Metal Company is a New Jersey corporation having its principal place of business at Foot of Hawkins Street, Newark, New Jersey 07105. The Lessee is a Michigan corporation located at 50 Monroe Street, Hillsdale, Michigan.

Also enclosed for recording please find an original and two copies of a duly executed and acknowledged Assignment of said lease between Naporano Iron and Metal Company as Assignor and NIM Leasing Corp., a New Jersey corporation, having its principal place of business at Foot of Hawkins Street, Newark, New Jersey, as Assignee.

We have enclosed a check for \$50 to cover the recording fees. Please return the original document to our attorneys, Messrs. Lum, Biunno & Tompkins, 550 Broad Street, Newark, New Jersey 07102.

Very truly yours,

NAPORANO IRON AND METAL COMPANY

By Joseph Naporano
Joseph Naporano, President

Countersigned

RECORDATION NO. 11229
DEC 21 1979 - 11 35 AM
INTERSTATE COMMERCE COMMISSION

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AGREEMENT OF LEASE

Dated as of February 1, 1978
between

NAPORANO IRON AND METAL COMPANY
Lessor,

and

HILLSDALE COUNTY RAILWAY CO., INC.
Lessee

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Covering Various XM Boxcars

=====

Recordation No. _____

Filed and Recorded with the Interstate Commerce
Commission pursuant to Section 11303 of Title 49 of the
United States Code on _____ at _____.

THIS LEASE AGREEMENT, made as of this 1ST day of February, 1978 between Naporano Iron and Metal Company, a New Jersey corporation, Foot of Hawkins Street, Newark, New Jersey 07105 ("NAP") as Lessor and Hillsdale County Railway Co., Inc., 50 Monroe Street, Hillsdale, Michigan 49242, a Michigan corporation (The "Lessee"), as Lessee.

1. Scope of Agreement

A. NAP agrees to lease to Lessee, and Lessee agrees to lease from NAP a minimum of twenty (20) XM boxcars of the types and descriptions as set forth in any lease schedules executed by the parties concurrently herewith or from time to time hereafter and made a part of this Agreement. The scheduled items of equipment are hereinafter called collectively the "Boxcars". The word "Schedule" as used herein includes the Schedule executed concurrently herewith and all additional Schedules and amendments thereto whether for Boxcars or other railroad equipment, each of which when signed by both parties shall be a part of this Agreement.

B. It is the intent of the parties of this Agreement that NAP shall at all times be and remain the lessor of all scheduled Boxcars. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Boxcars. The term of a lease with respect to each Boxcar shall be for ten (10) years commencing upon the date of delivery of such Boxcar as set forth in Section 3A hereof.

B. If this Agreement has not been earlier terminated and no default has occurred and is continuing, the lease term with respect to each Boxcar shall be automatically extended for not more than five consecutive periods of twelve months, provided, however, that NAP or Lessee may by written notice delivered to the other not less than twelve months prior to the end of the initial lease term or any extended lease term for any scheduled Boxcar terminate this Agreement.

3. Supply Provisions

A. Lessee will inspect each Boxcar tendered by NAP for delivery to Lessee. If the Boxcar conforms to the specifications of the equipment ordered by Lessee, and to all applicable governmental regulatory specifications, and this Agreement has not been terminated Lessee will accept delivery thereof at NAP's facility and shall notify NAP in writing of such acceptance. The Boxcars shall be deemed delivered to Lessee upon acceptance by Lessee. The Boxcars shall be moved to Lessee's railroad line at no cost to Lessee as soon after acceptance by Lessee as is consistent with mutual convenience and economy. Due to the nature of railroad operations in the United States, NAP can neither control nor determine when the Boxcars leased hereunder will actually be available

to Lessee for its use on its railroad tracks. Notwithstanding that Lessee may not have immediate physical possession of the Boxcars leased hereunder, Lessee agrees to pay to NAP the rental charges set forth in this Agreement. To move the Boxcars to Lessee's railroad line and insure optimal use of the Boxcars after the first loading of freight for each Boxcar on the railroad line of Lessee (the "initial loading"), NAP agrees to assist Lessee in monitoring Boxcar movements and, when deemed necessary by Lessee and NAP, to issue movement orders with respect to such Boxcars to other railroad lines in accordance with ICC and AAR interchange agreements and rules.

B. Lessee agrees that so long as it shall have on lease one or more of the type of Boxcar, subject to this lease, it shall not lease boxcars from any other party unless it shall have leased the minimum (20) Boxcars required by this Agreement up to a maximum of (25) boxcars subject to the delivery of the 25 cars within 90 days of execution of this Agreement. Notwithstanding the purchase of boxcars or the leasing or direct interchange of boxcars from other parties, Lessee shall give preference to NAP and shall load the Boxcars leased from NAP prior to loading boxcars purchased or leased by Lessee subsequent to the date of this Agreement or foreign cars ordered from connecting railroads; provided, however, that this shall in no event prevent or prohibit Lessee from fulfilling its obligations to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks.

C. Additional Boxcars may be leased from NAP by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Boxcars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by NAP and Lessee.

4. Railroad Markings and Record Keeping

A. NAP agrees that on or before delivery of the Boxcars to Lessee, the Boxcars may be lettered, in addition to the railroad markings of Lessee, with the name and/or other insignia used by Lessee. Such name or insignia shall comply with all applicable regulations and shall be affixed to the Boxcars in the space directly above Lessee's reporting marks, with a width not greater than seven feet.

B. Lessee shall during the term of this Agreement prepare all documents for filing relating to the registration, maintenance and record keeping functions normally performed by Lessee with respect to the Boxcars. Such matters shall include but are not limited to the preparation of the following documents: (i) appropriate AAR interchange agreements with respect to the Boxcars (ii) registration for each Boxcar in the Official Railway Equipment Register and the Universal Machine Language Equipment Register (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies with respect to the Boxcars; and (iv) designation of NAP's repair facility in Newark, N. J. (CR delivery) as Home Shop in the Official Equipment Register for all Boxcars subject to this lease.

C. Each and every Boxcar leased hereunder shall be registered at no cost to NAP in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. Lessee shall, on behalf of NAP, perform all recordkeeping functions related to the use of the Boxcars by Lessee and other railroads in accordance with AAR railroad interchange agreements and rules, such as car hire reconciliation. Correspondence from railroads using such Boxcars shall be addressed to Lessee at such address as NAP shall select.

D. All record keeping performed by Lessee hereunder and all record of payments, charges and correspondence related to Scheduled Boxcars shall be separately recorded and maintained by Lessee in a form suitable for reasonable inspection by NAP from time to time during regular Lessee's business hours. Lessee shall supply NAP with such reports regarding the use of Boxcars by Lessee on its railroad line as NAP may reasonably request. Additionally, Lessee shall mail NAP monthly all reports showing per diem, incentive per diem and mileage earned by every car subject to this Agreement.

E. Lessee shall perform all car accounting functions necessary under this Agreement. NAP agrees to reimburse Lessee for all such reasonable and necessary expenses but not to exceed \$3.00 per car per month. NAP reserve the right to terminate this arrangement for accounting services upon 60 days written notice and making other suitable arrangements.

5. Maintenance, Taxes and Insurance

A. NAP will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each Boxcar during its lease term and any extension thereof, including but not limited to repairs, maintenance and servicing unless the same was occasioned by the fault of Lessee while a Boxcar was in the physical possession of Lessee. Lessee shall not accept Boxcars from interchange that are not in good working order or condition and Lessee agrees to notify NAP within 24 hours of any such rejection and the reasons for same. Lessee hereby transfers and assigns to NAP for and during the lease term of each Boxcar all of its right, title and interest in any warranty in respect to the Boxcars. All claims or actions on any warranty so assigned shall be made and prosecuted by NAP at its sole expense and Lessee shall have no obligation to make any claim on such warranty. Any recovery under such warranty shall be made payable to NAP.

B. Lessee may make running repairs to facilitate continued immediate use of a Boxcar, but shall not otherwise make any repairs, alterations, improvements or additions to the Boxcars without NAP's prior written consent. If Lessee makes an alteration to any Boxcar without NAP's prior written consent, Lessee shall be liable to NAP for any revenues lost due to such alteration. Title to any such alteration, improvement or addition occurring in the course of or as a result of normal and customary maintenance shall be and remain with NAP.

C. NAP shall make or cause to be made such inspections of, and maintenance and repairs to, the Boxcars as may be required. Upon request of NAP, Lessee shall perform any necessary maintenance and repairs to Boxcars on Lessee's railroad tracks as may be reasonably requested by NAP and are within Lessee's repair capabilities. NAP shall also make, at its expense, all alterations, modifications or replacement of parts, as shall be necessary to maintain the Boxcars in good operating condition throughout the term of the lease of such

Boxcars. NAP may desire to perform certain repairs other than running repairs at its own shop in Newark, N. J. when notified by Lessee of the need for such repairs while such car is on Lessee's line. On such occasions Lessee shall ship the cars as "return to home shop for repair" and shall assist NAP in obtaining the lowest possible freight rate in returning said cars.

D. Lessee will at all times while this Agreement is in effect be responsible for the Boxcars while they are on Lessee's railroad tracks in the same manner that Lessee is responsible under Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Service Rules - Freight for cars not owned by Lessee which are operating on Lessee's railroad tracks. Lessee shall protect against the consequences of an event of loss involving the Boxcars by either obtaining insurance or maintaining a self insurance program which conforms to sound actuarial principles. If Lessee elects to carry insurance, it shall furnish NAP concurrently with the execution hereof and thereafter at intervals of not more than 12 calendar months, with a certificate of insurance signed by an independent insurance broker with respect to the insurance carried on the Boxcars. All insurance shall be taken out in the name of Lessee and NAP (or its assignee) as their interests may appear. Lessee shall immediately pay to NAP an amount equal to any funds collected by it for cars casualty on the tracks of other railroads or on the tracks of shippers.

E. NAP agrees to reimburse Lessee for all taxes, assessments and other governmental charges of whatsoever kind or character paid by Lessee relating to each Boxcar and on the lease, delivery or operation thereof which may be accrued, levied, assessed or imposed during the lease term or which remain unpaid as of the date of delivery of such Boxcar to Lessee, except taxes on net income imposed on Lessee and sales or use taxes imposed on the mileage charges and/or car hire revenues. NAP shall forward to Lessee all sales and use taxes received by it on behalf of Lessee. NAP and Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns on the Boxcars. NAP shall review all tax returns prior to filing.

6. Rental Charges

A. Lessee agrees to pay the following rental charges to NAP for the use of NAP's Boxcars:

(i) NAP shall receive all of the mileage charges and car hire revenues (including both straight and incentive per diem) payable to Lessee by other railroad companies if the utilization of all of the Boxcars on an aggregate basis for each calendar year shall be equal to or less than 82.5 per cent. For the purpose of this Agreement, utilization of the Boxcars shall be determined by a fraction, the numerator of which is the aggregate number of days in each calendar year that per diem is earned on the Boxcars, commencing from the initial loading, and the denominator of which is the aggregate number of days in each year that the Boxcars are on lease to Lessee, commencing from the initial loading. In addition, NAP will receive, as additional rental, all revenues earned by the Boxcars prior to their initial loading.

(ii) In the event the utilization exceeds 82.5 per cent in any calendar year, NAP shall receive an amount equal to the NAP Base Rental plus an amount equal to one-half of the revenues earned in excess of the NAP Base Rental. For the purpose of this Agreement, NAP Base Rental shall be an

amount equal to the total mileage charges and car hire revenues for the calendar year multiplied by a fraction, the numerator of which is 82.5 per cent and the denominator of which is the utilization for such calendar year.

(iii) The rental charges payable to NAP by Lessee shall be paid from the monies received by Lessee in the following order until NAP receives the amounts due it pursuant to this Section 6: (1) incentive car hire payments; (2) straight car hire payments and (3) mileage charges.

(iv) In the event the IOC rules relating to the use of Lessee's earmarked incentive per diem funds are changed or interpreted in such a way as to prohibit Lessee from paying NAP its (NAP's) share of the car hire revenue accruing from said incentive per diem charges, Lessee agrees to pay NAP its (NAP's) share of the incentive per diem funds from Lessee's general operating funds. In the alternative upon the occurrence of the above mentioned prohibition either party may terminate this lease upon 30 days written notice to the other party. Under such cancellation, Lessee will still be responsible to pay NAP its share of accrued incentive per diem charges to the termination date from general operating funds.

(v) In the event damage or destruction of a Boxcar has been reported in accordance with Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Hire Rules - Freight and the appropriate amount due as a result thereof is received by NAP said damaged or destroyed Boxcar will be removed from this Agreement as of the date that payment of car hire revenues ceased.

B. The calculations required above shall be made within three months after the end of each calendar year. However, to enable NAP to meet its financial commitments, Lessee shall, prior to such calculations pay 93 per cent of the revenues received by it to NAP. However, since the parties desire to determine on a quarterly basis the approximate amount of the rental payment due Lessee shall within three months after the end of each calendar quarter, calculate on a quarterly basis rather than a yearly basis, the amount due NAP pursuant to this section. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, that following the yearly calculation, any amount paid to either party in excess of the amounts required by the yearly calculation shall be promptly refunded to the appropriate party.

C. In the event the utilization in any calendar quarter is less than 80 per cent, NAP may, at its option and upon not less than 30 days prior written notice to Lessee, terminate this Agreement as to such number of Boxcars as NAP shall determine.

D. NAP may, at its option, terminate this Agreement if the IOC shall, at any time, (1) issue an order reducing incentive per diem for Boxcars on an annual basis to three months or less without a corresponding increase in straight per diem or other revenues available to both NAP and Lessee at least equal in amount to such reduction or (2) determine that Lessee may not apply its net credit balance from incentive per diem settlements in payment of the rental charges set forth in this section.

E. If any Boxcar remains on Lessee's railroad tracks for more than seven days, NAP may, at its option and upon not less than 24 hours prior written notice, terminate this Agreement as to such Boxcar and withdraw such Boxcar from Lessee's railroad tracks, except when such Boxcar is awaiting its initial loading. If any such Boxcar remains on Lessee's railroad tracks more than seven days because Lessee has not given preference to NAP's Boxcars as specified in Section 33, Lessee shall be liable to NAP for an amount equal to the time-related car hire revenues Lessee would have earned if such Boxcars were in the physical

possession and use of another railroad for the entire period after the expiration of seven days.

7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Boxcars in accordance with the terms of this Agreement and in the manner and to the extent Boxcars are customarily used in the railroad freight business. Lessee agrees that to the extent it has physical possession and can control use of the Boxcars, the Boxcars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies of officers having power to regulate or supervise the use of such property, except that either NAP or Lessee may in good faith and by appropriate proceedings contest that application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party.

B. Lessee will not directly or indirectly create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or other security interest or claim on or with respect to the Boxcars or any interest therein or in this Agreement or Schedule thereto. Lessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrances, security interest, or claim if the same shall arise at any time.

8. Default Remedies Upon Default

A. The occurrence of any of the following events shall be events of default:

(i) The nonpayment by Lessee of any sum required hereunder to be paid by Lessee within ten days after notice thereof;

(ii) The default by Lessee under any other term, covenant, or condition of this Agreement which is not cured within ten days after notice thereof from NAP.

(iii) Any affirmative act of insolvency by Lessee, or the filing by Lessee of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy reorganization, insolvency or moratorium law against Lessee that is not dismissed within sixty (60) days thereafter, or the appointment of any receiver or trustee to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(v) The subjection of any of Lessee's property to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency.

B. Upon the occurrence of any event of default, NAP may, at its option, terminate this Agreement and may:

(i) Proceed by appropriate court action to enforce performance by Lessee of this Agreement or to recover damages for a breach thereof (and Lessee agrees to bear NAP's costs and expenses, including reasonable attorneys' fees, in securing such enforcement), or

(ii) By notice in writing to Lessee, terminate Lessee's right of possession of the Boxcars, whereupon all right and interest of Lessee in

the Boxcars shall terminate; and thereupon NAP may by its agents enter upon any premises where the Boxcars may be located and take possession of them and henceforth hold, possess and enjoy the same free from any right of Lessee. NAP shall nevertheless have a right to recover from Lessee any and all rental amounts which under the terms of this Agreement may have accrued to that date.

9. Termination

At the expiration or termination of this Agreement as to any Boxcars set forth on a Schedule attached hereto, Lessee will surrender possession of such Boxcars to NAP by delivering the same to NAP at a destination designated by NAP. The assembling, delivery, storage and transporting of the Boxcars shall be at the expense and risk of NAP. A Boxcar shall be deemed terminated and no longer subject to this Agreement upon the removal of Lessee's railroad markings from the Boxcar and the placing thereon of such markings as may be designated by NAP, either, at the option of NAP; (1) upon delivery of such Boxcars to Lessee's railroad line subsequent to termination of such Boxcar's lease term; (2) removal and replacement of the markings by another railroad line which has physical possession of the Boxcar at the time of or subsequent to termination of the lease term as to such Boxcar or (3) removal and replacement of the markings by NAP upon return of the Boxcars to NAP's shop in Newark, N. J. or a shop designated by NAP.

(i) If such Boxcars are on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall at NAP's option and expense within five working days remove Lessee's railroad markings from the Boxcars and place thereon such markings as may be designated by NAP. After the removal and replacement of markings, Lessee shall use its best efforts to load such Boxcars with freight and deliver them to a connecting carrier for shipment. Lessee shall provide up to 30 days free storage on its railroad tracks for NAP or the subsequent lessee of any terminated Boxcar.

(ii) NAP may, at its option, elect to leave Lessee's markings on the Boxcars and Lessee will hold said cars free of charge to NAP until Lessee is able to load the cars in the direction of a destination designated by NAP.

(iii) If such Boxcars are not on the railroad line of Lessee upon termination, all costs of assembling, delivering, storing, and transporting such Boxcars, except as provided above, to Lessee's railroad line, to the railroad line of a subsequent Lessee, to NAP's shop in Newark, N. J. or to a shop designated by it shall be borne by NAP.

10. Indemnities

NAP will defend, indemnify and hold harmless Lessee from and against (1) any and all loss or damage of or to the Boxcars, usual wear and tear excepted, unless occurring through the fault of Lessee while Lessee has physical possession of Boxcars and (2) any claim, cause of action, damage, liability, cost or expense (including legal fees and costs) to which the Boxcars may be subject or which may be incurred in any manner by or for the account of any such Boxcar (unless occurring through the fault of Lessee) relating to the Boxcars or any part thereof, including without limitation the construction, purchase, delivery of the Boxcars to Lessee's railroad line, ownership, leasing or return of the Boxcars, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by NAP or Lessee).

11. Warranties and Covenants

Lessee represents, warrants and covenants that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated and has the corporate power, authority and is duly qualified and authorized to do business wherever necessary, to carry out its present business and operations and to own or hold under lease its properties and to perform its obligations under this Agreement.

(ii) The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Lessee, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Boxcars pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound.

(iii) There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Lessee.

(iv) There is no fact which Lessee has not disclosed to NAP in writing, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as the Lessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of the Lessee or the ability of the Lessee to perform its obligations under this Agreement.

(v) Lessee has during the years 1964-1968 neither leased nor purchased any boxcars.

12. Inspection

NAP shall at any time during normal business hours have the right to enter the premises where the boxcars may be located for the purpose of inspecting and examining the boxcars to insure Lessee's compliance with its obligations hereunder. Lessee shall immediately notify NAP of any accident connected with the malfunctioning or operation of the Boxcars including in such report the time, place and nature of the accident and the damage caused to property, the names and addresses of any persons injured and of witnesses and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify NAP in writing within five (5) days after any attachment, tax lien or other judicial process shall attach to any Boxcar. Lessee shall furnish to NAP promptly upon becoming available copies of any statements or reports required to be submitted to the ICC related to car hire income of cars subject to this Agreement.

13. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, except that Lessee may not without the prior written consent of NAP assign this Agreement or any of its rights hereunder or sublease

the Boxcars to any party, and any purported assignment or sublease in violation hereof shall be void.

B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of this Agreement.

C. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Boxcars only and no joint venture or partnership is being created. Notwithstanding the calculation of rental payments, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Boxcars except as a lessee only.

D. No failure or delay by NAP shall constitute a waiver or otherwise affect or impair any right, power or remedy available to NAP nor shall any waiver or indulgence by NAP or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

E. This Agreement shall be governed by and construed according to the laws of the State of New Jersey

F. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States Mail, postage prepaid, certified or registered, addressed to the president of the other party at the address set forth above.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the year and date first above written.

NAPORANO IRON AND METAL COMPANY

Joseph Naporano Pres.

Joseph Naporano Pres.
(TITLE)

HILLSDALE COUNTY RAILWAY CO., INC.

John Marino

John Marino Pres.
(TITLE)

DATE:

12/18/79

DATE:

12/21/79

March 30, 1978

EQUIPMENT SCHEDULE

Naporano hereby leases the following Boxcars to Hillsdale County Railway pursuant to that certain Lease Agreement dated as of Feb. 1, 1978. Equipment schedule to be completed when car numbers are assigned and the exact dimensions are known.

A.A.R Mech. Desig.	Description	Numbers	Dimensions Inside			Doors Width	No. of Cars
			Length	Width	Height		
XM	Box - Steel Code B105	601-614, 616, 618	40'4"	9'2"	10'5"	6'	16
	Box - Steel Code B107	635	40'6"	9'4"	10'5"	8'	1
	Box - Steel Code B209	641	50'6"	9'6"	10'6"	10'	1
	Box - Steel Code B209	650	50'7"	9'3"	10'5"	10'	1
	Box - Steel Code B209	670	50'6"	9'2"	10'6"	15'	1
	Equipment schedule to be completed when car numbers are assigned and the exact dimensions are known.						
	Box - Steel Code B209	660-661	50'6"	9'2"	10'6"	15'	2
	Box - Steel Code B209	636, 675-684, 687, 688	50'7"	9'2"	10'5"	10'	13
	Box - Steel Code B209	637	50'9"	9'2"	10'5"	8'	1
	Box - Steel Code B209	638-639	50'7"	9'6"	10'11"	16'	2
	Box - Steel Code B209	685, 686	50'4"	9'2"	10'5"	15'	2
							40

NAPORANO IRON AND METAL COMPANY

[Signature]
(TITLE)

DATE:

12/18/79

HILLSDALE COUNTY RAILWAY CO., INC.

[Signature]
PRESIDENT
(TITLE)

DATE:

12/26/79

STATE OF NEW JERSEY:
COUNTY OF E S S E X: SS.

BE IT REMEMBERED, That on this 18TH day of December, 1979, before me, the subscriber, a NOTARY PUBLIC, personally appeared Joseph Naporano, President of NAPORANO IRON & METAL CO., who, I am satisfied, is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as such officer aforesaid; and that the within instrument is the voluntary act and deed of said corporation made by virtue of authority from its Board of Directors.

ANTHONY B. D'ALESSIO
NOTARY PUBLIC OF NEW JERSEY,
My Commission expires Apr. 27, 1980

Anthony B. D'Alessio

STATE OF Virginia
City OF Alexandria SS.

BE IT REMEMBERED, That on this 21st day of December, 1979, before me, the subscriber, a Notary Public, personally appeared John H. Marino, President of HILLSDALE COUNTY RAILWAY CO., INC., who, I am satisfied, is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as such officer aforesaid; and that the within instrument is the voluntary act and deed of said corporation made by virtue of authority from its Board of Directors.

Carolyn L. Pruitt

ADDENDUM TO LEASE

Addendum to Lease Agreement dated February 1, 1978 between NAPORANO IRON AND METAL COMPANY (hereinafter called Lessor) and HILLSDALE COUNTY RAILWAY CO., INC., a Michigan corporation (hereinafter called Lessee);

W I T N E S S E T H:

WHEREAS, Lessor and Lessee have entered into a certain Agreement of Lease concerning certain railroad boxcars which Lessor has leased to Lessee in accordance with the terms and conditions contained in the Agreement of Lease; and

WHEREAS, the parties by letters dated March 13, 1978 and May 28, 1978, have modified such Agreement of Lease in the manner more fully described in said Lease; and

WHEREAS, the parties now wish to formalize such lease amendments;

NOW, THEREFORE, in consideration of the premises and other mutual agreements of the parties, the parties agree as follows:

1. Paragraph 6, subparagraph A(i), is amended to provide an additional sentence as follows:

Should the boxcars never receive an initial loading at Hillsdale, then Lessee will be guaranteed a minimum \$100 per year per boxcar for any boxcar which never receives an initial loading.

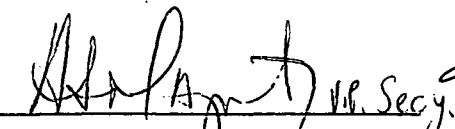
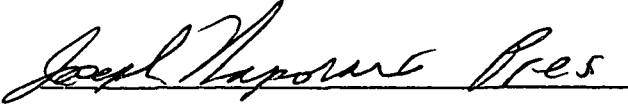
2. The reference in Paragraph 5, subparagraph D, line 4, of the Agreement of Lease is modified so as to delete the phrase "Code of Car Service Rules - Freight" and so as to substitute in lieu thereof the phrase "Code of Car Hire Rules and Interpretation - Freight".

3. Except as otherwise specifically provided herein, all of the terms, conditions and provisions of the aforesaid Agreement of Lease of February 1, 1978 shall continue in full force and effect and are incorporated herein as if the same were fully set forth at length.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed by their proper corporate officers and their proper corporate seals to be hereto affixed the day and year first above written.


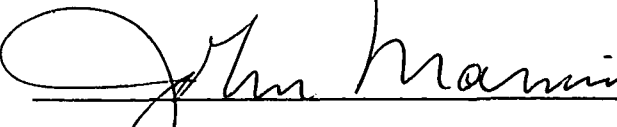
NAPORANO IRON AND METAL COMPANY

Attest:


Andrew J. Naporano Jr. Secy.

Joseph Naporano Pres

HILLSDALE COUNTY RAILWAY CO., INC.

Attest:


Eric Gerst, Secy

John Marino Pres

STATE OF NEW JERSEY:
COUNTY OF E S S E X: SS.

BE IT REMEMBERED, That on this 18TH day of December, 1979, before me, the subscriber, a NOTARY PUBLIC, personally appeared Joseph Naporano, President of NAPORANO IRON & METAL CO., who, I am satisfied, is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as such officer aforesaid; and that the within instrument is the voluntary act and deed of said corporation made by virtue of authority from its Board of Directors.

ANTHONY B. D'ALESSIO
NOTARY PUBLIC OF NEW JERSEY
My Commission expires Apr. 27, 1980

Anthony B. D'Alessio

Virginia
STATE OF ~~MICHIGAN~~:
City
COUNTY OF : SS.

BE IT REMEMBERED, That on this 21st day of December, 1979, before me, the subscriber, a Notary Public, personally appeared John H. Marino, President of HILLSDALE COUNTY RAILWAY CO., INC., who, I am satisfied, is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as such officer aforesaid; and that the within instrument is the voluntary act and deed of said corporation made by virtue of authority from its Board of Directors.

Carolyn L. Puetz

Prepared by: Martin Clinton Conant